

R.O. Draft 05/15-2002  
 Contract No.  
 Standard Irrigation District Form  
 SRSC Draft 05/31/02  
 R.O. Draft 07/11-2002  
 SRSC Draft 08/16/02  
 SRSC Draft 10/01/02  
 SRSC Draft 10/31/02  
 GCID Draft 02/10/03  
 (Unshaded provisions have been  
 tentatively agreed to)

UNITED STATES  
 DEPARTMENT OF THE INTERIOR  
 BUREAU OF RECLAMATION  
 Central Valley Project, California

CONTRACT BETWEEN THE UNITED STATES AND  
 GLENN-COLUSA IRRIGATION DISTRICT,  
 DIVERTER OF WATER FROM SACRAMENTO RIVER SOURCES,  
 SETTling WATER RIGHTS DISPUTES AND  
 PROVIDING FOR PROJECT WATER

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22  
23

24 THIS CONTRACT, hereinafter referred to as "Settlement Contract," is  
25 entered into by THE UNITED STATES OF AMERICA, hereinafter referred to as the  
26 United States, made this \_\_\_\_ day of \_\_\_\_\_, 2002, pursuant to the  
27 applicable authority granted to it generally in the Act of June 17, 1902 (32 Stat. 388), and  
28 acts amendatory or supplementary thereto, including, but not limited to, the Acts of  
29 August 26, 1937 (50 Stat. 844), as amended and supplemented, August 4, 1939 (53 Stat.  
30 1187), as amended and supplemented, including but not limited to Sections 9 and 14  
31 thereto, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982  
32 (96 Stat. 1262), October 27, 1986 (100 Stat. 3050), as amended, and Title XXXIV of the  
33 Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as  
34 Federal Reclamation law, and Glenn-Colusa Irrigation District, hereinafter referred to as

the Contractor, a public agency of the State of California, duly organized, existing, and acting pursuant to the laws thereof, with its principal place of business in California;

WITNESSETH, that:

EXPLANATORY RECITALS

[1<sup>st</sup>] WHEREAS, the United States has constructed and is operating the Central Valley Project, California, for multiple purposes pursuant to its statutory authority; and

[2<sup>nd</sup>] WHEREAS, the Contractor has rights to divert, is diverting, and will continue to divert for reasonable beneficial use, water from the natural flow of the Sacramento River and tributaries thereto, that would have been flowing therein if the Central Valley Project were not in existence and from Stony Creek pursuant to the Angle

Decree; and ~~[Contractor Specific "Other" Rights]~~

[3<sup>rd</sup>] WHEREAS, the construction and operation of the integrated and coordinated Central Valley Project has changed and will further change the regimen of the Sacramento, American, San Joaquin, and Trinity Rivers and the Sacramento-San Joaquin Delta from unregulated flow to regulated flow; and

[4<sup>th</sup>] WHEREAS, the United States has rights to divert, is diverting, and will continue to divert waters from said Rivers and said Delta in connection with the operation of said Central Valley Project, and

[5<sup>th</sup>] WHEREAS, the Contractor and the United States had a dispute over the respective rights of the parties to divert and use water from the regulated flow of the Sacramento River which threatened to result in litigation, and as a means to settle that

dispute entered into Contract No. 14-06-200-855A, as amended, hereinafter referred to as the Existing Contract, which established terms for the delivery to the Contractor of Central Valley Project Water, and the quantities of Base Supply the United States and the Contractor agreed may be diverted by the Contractor from the Sacramento River pursuant to such contract; and

[6<sup>th</sup>] WHEREAS, the United States and the Contractor disagree with respect to the authority of the United States to change the quantities of Base Supply and/or Project Water specified as available for diversion in this Settlement Contract from the quantities specified in the Existing Contract, and other issues related thereto. That dispute was the subject of litigation in a lawsuit entitled *Glenn-Colusa Irrigation District, et al. v. United States, et al.* (Civ. No. S-01-1816 GEB/JFM (E.D. Cal.)), but that litigation was dismissed, without prejudice, pursuant to a stipulation of dismissal filed by the parties thereto on August 29, 2002. Notwithstanding that dismissal, the Contractor and the United States enter into this Settlement Contract to renew the Existing Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws of the State of California

7<sup>th</sup> WHEREAS, to assure the Contractor of the enjoyment and use of the regulated flow of the said Rivers and the Delta, and to provide for the economical operation of the Central Valley Project by, and the reimbursement to, the United States for expenditures made for said Project;

NOW, THEREFORE, in consideration of the performance of the herein contained provisions, conditions, and covenants, it is agreed as follows:

1 DEFINITIONS

2 1. When used herein, unless otherwise expressed or incompatible with the intent  
3 hereof, the term:

4 (a) "Angle Decree" shall mean that certain judgment rendered January 13,  
5 1930, by the United States District Court, Northern District of California, Second  
6 Division, Honorable Frank H. Kerrigan, Judge, in that certain action in Equity No. 30  
7 entitled "The United States of America, Plaintiff, v. H. C. Angle, et al., Defendants".

8 (ab) "Base Supply" shall mean the quantity of Surface Water established in  
9 Articles 3 and 5 which may be diverted by the Contractor from the Sacramento River its  
10 Source of Supply each month during the period April through October of each Year  
11 without payment to the United States for such quantities diverted;

12 (bc) "Basin-Wide Water Management Plan" shall mean the mutually  
13 agreeable Sacramento River Basinwide Water Management Plan dated  
14 \_\_\_\_\_ developed by Glenn Colusa Irrigation District, Maxwell Irrigation District,  
15 Natomas Central Mutual Water Company, Pelger Mutual Water Company, Princeton-  
16 Codora Glenn Irrigation District, Provident Irrigation District, Reclamation District 108,  
17 Sutter Mutual Water Company, Anderson-Cottonwood Irrigation District, M&T, Inc.,  
18 Meridian Farms Water Company, Reclamation District 1004 and the U.S. Bureau of  
19 Reclamation.

20 (ed) "Charges" shall mean the payments for Project Water that the Contractor  
21 is required to pay to the United States in addition to the "Rates" specified in this

1 Contract. The Contracting Officer will, on an annual basis, determine the extent of these

2 Charges. The type and amount of each Charge shall be specified in Exhibit "D";

3 ~~(de)~~ "Contract Total" shall mean the sum of the Base Supply and Project

4 Water available for diversion by the Contractor for the period April 1 through

5 October 31;

6 ~~(ef)~~ "Critical Year" shall mean any Year in which either of the following

7 eventualities exists:

8 (1) The forecasted full natural inflow to Shasta Lake for the current Water

9 Year, as such forecast is made by the United States on or before February 15 and

10 reviewed as frequently thereafter as conditions and information warrant, is equal to or

11 less than 3.2 million acre-feet; or

12 (2) The total accumulated actual deficiencies below 4 million acre-feet in

13 the immediately prior Water Year or series of successive prior Water Years each of

14 which had inflows of less than 4 million acre-feet, together with the forecasted deficiency

15 for the current Water Year, exceed 800,000 acre-feet.

16 For the purpose of determining a Critical Year, the computation of inflow

17 to Shasta Lake shall be performed in a manner that considers the extent of upstream

18 development above Shasta Lake during the year in question, and shall be used as the full

19 natural flow to Shasta Lake. In the event that major construction has occurred or occurs

20 above Shasta Lake after September 1, 1963 and which has materially altered or alters the

21 regimen of the stream systems contributing to Shasta Lake, the computed inflow to

1 Shasta Lake used to define a Critical Year will, be adjusted to eliminate the effect of such  
2 material alterations. After consultation with the State of California, the National Weather  
3 Service, and other recognized forecasting agencies, the Contracting Officer will select the  
4 forecast to be used and will make the details of it available to the Contractor. The same  
5 forecasts used by the United States for the operation of the Project shall be used to make  
6 the forecasts hereunder;

7 (~~fg~~) “CVPIA” shall mean the Central Valley Project Improvement Act,  
8 Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

9 (~~gh~~) “Eligible Lands” shall mean all lands to which Project Water may be  
10 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12,  
11 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

12 (~~hi~~) “Excess Lands” shall mean all lands in excess of the limitations  
13 contained in Section 204 of the RRA, other than those lands exempt from acreage  
14 limitation under Federal Reclamation law;

15 (~~ij~~) “Full Cost Rate” shall mean that water rate described in  
16 Sections 205(a)(3) or 202(3) of the RRA, whichever is applicable;

17 (~~jk~~) “Ineligible Lands” shall mean all lands to which Project Water may not  
18 be delivered in accordance with Section 204 of the RRA;

19 (~~kl~~) “Landholder” shall mean a party that directly or indirectly owns or leases  
20 nonexempt land, as provided in 43 CFR 426.2;



1           ~~(lm)~~ “Project” shall mean the Central Valley Project owned by the United  
2 States and managed by the Department of the Interior, Bureau of Reclamation;

3           ~~(mn)~~ “Project Water” shall mean all Surface Water diverted or scheduled to  
4 be diverted each month during the period April through October of each Year by the  
5 Contractor from ~~the Sacramento River-its Source of Supply~~ which is in excess of the  
6 Base Supply. The United States recognizes the right of the Contractor to make  
7 arrangements for acquisition of water from projects of others than the United States for  
8 delivery through the Sacramento River and tributaries subject to written agreement  
9 between Contractor and the United States as to identification of such water which water  
10 when so identified shall not be deemed Project Water under this Settlement Contract;

11           ~~(no)~~ “Rates” shall mean the payments for Project Water determined annually  
12 by the Contracting Officer in accordance with the then current applicable water  
13 ratesetting policies for the Project, as described in subdivision (a) of Article 8 of this  
14 Settlement Contract;

15           ~~(op)~~ “Secretary” or “Contracting Officer” shall mean the Secretary of the  
16 Interior, a duly appointed successor, or an authorized representative acting pursuant to  
17 any authority of the Secretary and through any agency of the Department of the Interior;

18           ~~(q)~~ “Source of Supply” shall mean the Sacramento River and Stony Creek,  
19 ~~from which the Contractor has rights to divert, is diverting, and will continue to divert;~~

20           ~~(pr)~~ “Surface Water” shall mean only those waters that are considered as  
21 surface water under California law;

1           ~~(qs)~~ “Water Year” shall mean the period commencing with October 1 of one  
2 year and extending through September 30 of the next; and

3           ~~(ft)~~ “Year” shall mean a calendar year.

4                               TERM OF SETTLEMENT CONTRACT

5           2. (a) This Settlement Contract shall become effective April 1, 2004, and shall  
6 remain in effect until and including March 31, 2044: Provided, that under terms and  
7 conditions mutually agreeable to the parties hereto, renewals may be made for successive  
8 periods not to exceed 40 years each. The terms and conditions of each renewal shall be  
9 agreed upon not later than one year prior to the expiration of the then existing Settlement  
10 Contract.

11           (b) With respect to Project Water and the portions of this Settlement Contract  
12 pertaining thereto, upon written request by the Contractor of the Secretary made not later  
13 than one year prior to the expiration of this Settlement Contract, whenever, account being  
14 taken of the amount then credited to the costs of construction of water supply works, the  
15 remaining amount of construction costs of water supply work which is properly  
16 assignable for ultimate return by the Contractor as established by the Secretary of the  
17 Interior pursuant to (3) of Section 1 of Public Law 643 (70 Stat. 483), probably can be  
18 repaid to the United States within the term of a contract under subsection 9(d) of the 1939  
19 Reclamation Project Act (53 Stat. 1187), the relevant portions of this Settlement Contract  
20 may be converted to a contract under said subsection 9(d) upon terms and conditions  
21 mutually agreeable to the United States and the Contractor. The Secretary shall make a

determination 10 years after the date of execution of this Contract, and every five years thereafter, of whether a conversion to a contract under said subsection 9(d) can be accomplished pursuant to Public Law 643. Notwithstanding any provision of this Settlement Contract, the Contractor reserves and shall have all rights and benefits under Public Law 643.

WATER TO BE FURNISHED TO CONTRACTOR

3. (a) Subject to the conditions, limitations, and provisions hereinafter expressed, the Contractor is hereby entitled and authorized to divert from ~~the Sacramento River~~ its Source of Supply at the locations shown in Exhibit A, for beneficial use within the area delineated on Exhibit B, (both Exhibits are attached hereto and made a part hereof), the Contract Total designated in Exhibit A, or any revision thereof, in accordance with the monthly operating schedule required by Article 3(c) of this Settlement Contract. The quantity of any water diverted under this Settlement Contract from ~~the Sacramento River~~ its Source of Supply, during the period April through October, for use on any lands delineated on Exhibit B, by the owner of such lands or otherwise shall constitute a part of the Contract Total as shown on Exhibit A and shall be subject to all the provisions of this Settlement Contract relating to such Contract Total as if such diversion were made by the Contractor.

~~[NOTE: contractor-specific language dealing with individual water rights may be needed.]~~

1           (b) The Contractor may have acquired rights to divert water from the  
2     Sacramento River during the period April through October, that were obtained after the  
3     date of execution of the Existing Contract, or the Contractor may acquire such rights in  
4     the future. All diversions made from the Sacramento River, pursuant to such rights,  
5     during the period April through October, shall not be considered a part of the quantity of  
6     Base Supply and Project Water specified in Exhibit A; Provided, that the quantities  
7     diverted pursuant to the above rights shall be identified on the schedule submitted  
8     pursuant to Article 3(c) below, and shall not be substituted for any Base Supply or Project  
9     Water; Provided, further, that any such identified quantities of other acquired rights may  
10    be diverted by the Contractor before incurring any fee pursuant to Article 3(c)(1), below.

11           (c) Before April 1 and before the first day of each month thereafter when a  
12    revision is needed, the Contractor shall submit a written schedule to the Contracting  
13    Officer indicating the Contract Total to be diverted by the Contractor during each month  
14    under this Settlement Contract. The United States shall furnish water to the Contractor in  
15    accordance with the monthly operating schedule or any revisions thereof. However, the  
16    United States recognizes the need of the Contractor to change from time to time its  
17    monthly diversions of water from the quantities shown in Exhibit A; the Contractor may  
18    make such changes, provided:

19           (1) that for the quantity of Base Supply diverted in excess of the monthly  
20    quantity shown in Exhibit A, and as may be reduced in accordance with Article 5(a),  
21    during June, July, August, September and October of any Water Year, the Contractor

1 shall be charged a rescheduling fee equal to 50% of the sum of the storage operations and  
2 maintenance rate and the storage capital rate components of the Project ratesetting policy.

3 (2) that in no event shall the total quantity scheduled for diversion by the

4 Contractor from ~~the Sacramento River~~ its Source of Supply:

5 (i) During the period April through October exceed the aggregate of the  
6 Contract Total for that period shown in Exhibit A or any revision thereof;

7 (ii) During the period July through September exceed the aggregate of the  
8 Contract Total for that period shown in Exhibit A or any revision thereof.

9 (d) In the event conditions warrant, the Contracting Officer reserves the right  
10 to require the Contractor to submit, at least 72 hours prior to the beginning of each  
11 weekly period, its estimate of daily diversion requirements for each such period from ~~the~~  
12 Sacramento River its Source of Supply: Provided, however, that changes during any  
13 such period may be made upon the giving of 72 hours' notice thereof to the Contracting  
14 Officer.

15 (e) No sale, transfer, exchange, or other disposal of any of the Contract Total  
16 designated in Exhibit A or the right to the use thereof for use on land other than that  
17 shown on Exhibit B shall be made by the Contractor without first obtaining the written  
18 consent of the Contracting Officer. Such consent will not be unreasonably withheld and  
19 a decision will be rendered in a timely manner. For short-term actions that will occur  
20 within one year or less, the decision will be rendered within 30 days after receipt of a  
21 complete written proposal. For long-term actions that will occur in a period longer than

1 one year, the decision will be rendered within 90 days after receipt of a complete written  
2 proposal. For a proposal to be deemed complete by the Contracting Officer, it must  
3 comply with all provisions required by State and Federal law, including information  
4 sufficient to enable the Contracting Officer to comply with the National Environmental  
5 Policy Act, the Endangered Species Act, and applicable rules or regulations then in  
6 effect; Provided that, such consent does not authorize the use of Federal facilities to  
7 facilitate or effectuate the sale, transfer, exchange or other disposal of Base Supply. Such  
8 use of Federal facilities will be the subject of a separate agreement to be entered into  
9 between the Contractor and Reclamation.

10 (f) For the purpose of determining whether section 3405(a)(1)(M) of the  
11 CVPIA applies to the Contractor as a transferor or transferee of Project Water, the  
12 Contracting Officer acknowledges that the Contractor is within a county, watershed or  
13 other area of origin, as those terms are utilized under California law, of water that  
14 constitutes the natural flow of the Sacramento River and its tributaries above the  
15 confluence of the American and Sacramento Rivers.

16 (g) Nothing herein contained shall prevent the Contractor from diverting  
17 water during the months of November through March for beneficial use on the land  
18 shown on Exhibit B or elsewhere to the extent authorized under the laws of the State of  
19 California.

20 (h) The United States assumes no responsibility for and neither it nor its  
21 officers, agents, or employees shall have any liability for or on account of:



1 Settlement Contract for surface irrigation or underground storage for the benefit of the  
2 lands ~~shown on Exhibit B~~ within said boundaries by the Contractor. ~~(Colusa Basin Drain~~  
3 ~~language may be required)~~

4 CONSTRAINTS ON THE AVAILABILITY OF WATER

5 5. (a) In a Critical Year, the Contractor's Base Supply and Project Water agreed  
6 to be diverted during the period April through October of the Year in which the principal  
7 portion of the Critical Year occurs and, each monthly quantity of said period shall be  
8 reduced by twenty-five percent.

9 (b) The amount of any overpayment by the Contractor shall, at its option, be  
10 refunded or credited upon amounts to become due to the United States from the  
11 Contractor under the provisions hereof in the ensuing Year. To the extent of such  
12 deficiency such adjustment of overpayment shall constitute the sole remedy of the  
13 Contractor.

14 INTEGRATED WATER MANAGEMENT AND PARTNERSHIPS

15 6. The Contractor and United States desire to work together to maximize the  
16 reasonable beneficial use of water for their mutual benefit. As a consequence, the United  
17 States and the Contractor will work in partnership and with others within the Sacramento  
18 Valley, including other Contractors, to facilitate the better integration within the  
19 Sacramento Valley of all water supplies including, but not limited to, the better  
20 management and integration of surface water and groundwater, the development and  
21 better utilization of surface water storage, the effective utilization of waste, seepage and



1 return flow water, and other operational and management options that may be identified  
2 in the future. ~~{Language cross-referencing other related agreement will be added as~~  
3 ~~appropriate to the individual Settlement Contracts.}~~

4 USE OF WATER FURNISHED TO CONTRACTOR

5 7. (a) Project Water furnished to the Contractor pursuant to this Settlement  
6 Contract shall not be delivered or furnished by the Contractor for any purposes other than  
7 agricultural purposes without the written consent of the Contracting Officer. For  
8 purposes of this Settlement Contract, “agricultural purposes” includes, but is not  
9 restricted to, the watering of livestock, incidental domestic use including related  
10 landscape irrigation, or underground water replenishment.

11 (b) The Contractor shall comply with requirements applicable to the  
12 Contractor in biological opinion(s) prepared as a result of a consultation regarding the  
13 execution of this Settlement Contract undertaken pursuant to Section 7 of the Endangered  
14 Species Act of 1973, as amended, that are within the Contractor’s legal authority to  
15 implement. The Contractor shall comply with the limitations or requirements imposed by  
16 environmental documentation applicable to the Contractor and within its legal authority  
17 to implement. The Existing Contract, which evidences in excess of 40 years of  
18 diversions, for agricultural uses, of the quantities of water provided for in Article 3, and  
19 the underlying water rights of the Contractor will be considered in developing an  
20 appropriate base-line for the Biological Assessment prepared pursuant to the Endangered  
21 Species Act, and in any other needed environmental review. Nothing herein shall be

1 construed to prevent the Contractor from challenging or seeking judicial relief in a court  
2 of competent jurisdiction with respect to any biological opinion or other environmental  
3 documentation referred to in this Article.

4 RATE AND METHOD OF PAYMENT FOR WATER

5 8. (a) The Contractor shall make payments to the United States as provided in  
6 this Article for all Project Water shown in Exhibit A as follows:

7 (1) seventy-five percent of the amount shown as Project Water shall be  
8 paid for by the Contractor in each Year; and in addition

9 (2) the Contractor shall pay for Project Water actually diverted in excess  
10 of seventy-five percent of the amount shown as Project Water.

11 Such payments shall be at Rates and Charges established in accordance with:

12 (i) the Secretary's then-current ratesetting policies for the Project; and (ii) applicable  
13 Reclamation law and associated rules and regulations, or policies: Provided, that if the  
14 Contractor desires to use Project Water for other than agricultural use the Rates and  
15 Charges set forth above will be adjusted by the Contracting Officer to the applicable  
16 Rates and Charges for such use. The Rates and Charges applicable to the Contractor  
17 upon execution of this Settlement Contract are set forth in Exhibit "D", as may be revised  
18 annually. The Secretary's ratesetting policies for the Project shall be amended, modified,  
19 or superseded only through a public notice and comment procedure. The Contracting  
20 Officer shall adjust the amount of Project Water for which payment is required to the

1 extent of any reduction in diversions of Project Water made in accordance with the water  
2 conservation provisions of Article 29(e).

3 (b) The Contracting Officer shall notify the Contractor of the Rates and  
4 Charges as follows:

5 (1) Prior to July 1 of each Year, the Contracting Officer shall provide the  
6 Contractor an estimate of the Charges for Project Water that will be applied to the period  
7 October 1, of the current Year, through September 30, of the following Year, and the  
8 basis for such estimate. The Contractor shall be allowed not less than two months to  
9 review and comment on such estimates. On or before September 15 of each Year, the  
10 Contracting Officer shall notify the Contractor in writing of the Charges to be in effect  
11 during the period October 1 of the current Year, through September 30, of the following  
12 Year, and such notification shall revise Exhibit "D."

13 (2) Prior to October 1 of each Year, the Contracting Officer shall make  
14 available to the Contractor an estimate of the Rates for Project Water for the following  
15 Year and the computations and cost allocations upon which those Rates are based. The  
16 Contractor shall be allowed not less than two months to review and comment on such  
17 computations and cost allocations. By December 31 of each Year, the Contracting  
18 Officer shall provide the Contractor with the final Rates to be in effect for the upcoming  
19 Year, and such notification shall revise Exhibit "D".

20 (c) The Contractor shall pay the United States for Project Water in the  
21 following manner:

1                   (1) With respect to Rates, prior to May 1 of each Year, the Contractor  
2   shall pay the United States one-half the total amount payable pursuant to subdivision (a)  
3   of this Article and the remainder shall be paid prior to July 1 or such later date or dates as  
4   may be specified by the United States in a written notice to the Contractor: Provided,  
5   however, that if at any time during the Year the amount of Project Water diverted by the  
6   Contractor shall equal the amount for which payment has been made, the Contractor shall  
7   pay for the remaining amount of such water as shown in Exhibit A in advance of any  
8   further diversion of Project Water.

9                   (2) With respect to Charges, the Contractor shall also make a payment to  
10   the United States, in addition to the Rate(s) in subdivision (c)(1) of this Article, at the  
11   Charges then in effect, before the end of the month following the month of delivery or  
12   transfer. The payments shall be consistent with the quantities of Project Water delivered  
13   or transferred. Adjustment for overpayment or underpayment of Charges shall be made  
14   through the adjustment of payments due to the United States for Charges for the next  
15   month. Any amount to be paid for past due payment of Charges shall be computed  
16   pursuant to Article 13 of this Settlement Contract.

17                  (d) Payments to be made by the Contractor to the United States under this  
18   Settlement Contract may be paid from any revenues available to the Contractor.

19                  (1) All revenues received by the United States from the Contractor  
20   relating to the delivery of Project Water or the delivery of non-Project water through  
21   Project facilities shall be allocated and applied in accordance with Federal Reclamation

1 law and the associated rules or regulations, and the then current Project ratesetting  
2 policies for Irrigation Water.

3 (e) The Contracting Officer shall keep its accounts pertaining to the  
4 administration of the financial terms and conditions of its long-term water service and  
5 Settlement Contracts, in accordance with applicable Federal standards, so as to reflect the  
6 application of Project costs and revenues. The Contracting Officer shall, each Year upon  
7 request of the Contractor, provide to the Contractor a detailed accounting of all Project  
8 and Contractor expense allocations, the disposition of all Project and Contractor  
9 revenues, and a summary of all water delivery information. The Contracting Officer and  
10 the Contractor shall enter into good faith negotiations to resolve any discrepancies or  
11 disputes relating to accountings, reports, or information.

12 (f) The parties acknowledge and agree that the efficient administration of this  
13 Settlement Contract is their mutual goal. Recognizing that experience has demonstrated  
14 that mechanisms, policies, and procedures used for establishing Rates and Charges and/or  
15 for making and allocating payments, other than those set forth in this Article may be in  
16 the mutual best interest of the parties, it is expressly agreed that the parties may enter into  
17 agreements to modify the mechanisms, policies, and procedures for any of those purposes  
18 while this Settlement Contract is in effect without amendment of this Settlement  
19 Contract.

20 (g) For the term of this Settlement Contract, Rates under the respective  
21 ratesetting policies for the Project will be established to recover only reimbursable

1 operation and maintenance (including any deficits) and capital costs of the Project, as  
2 those terms are used in the then-current Project ratesetting policies, and interest, where  
3 appropriate, except in instances where a minimum Rate is applicable in accordance with  
4 the relevant Project ratesetting policy. Proposed changes of significance in practices  
5 which implement the ratesetting policies for the Project will not be implemented until the  
6 Contracting Officer has provided the Contractor an opportunity to discuss the nature,  
7 need, and impact of the proposed change.

8 (h) Except as provided in subsection 3405(a)(1)(B) of the CVPIA, the Rates  
9 for Project Water transferred, exchanged, or otherwise disposed of, by the Contractor  
10 shall be the Contractor's Rates adjusted upward or downward to reflect the changed costs  
11 of delivery (if any) of the transferred, exchanged, or otherwise disposed of Project Water  
12 to the transferee's point of delivery in accordance with the then-current ratesetting  
13 policies for the Project. Except as provided in subsection 3407(d)(2)(A) of the CVPIA,  
14 the Charges for Project Water transferred, exchanged, or otherwise disposed of, by the  
15 Contractor shall be the Contractor's Charges specified in Exhibit D. If the Contractor is  
16 receiving lower Rates and Charges because of inability to pay and is transferring,  
17 exchanging, or otherwise disposing of Project Water to another entity whose Rates and  
18 Charges are not adjusted due to inability to pay, the Rates and Charges for transferred,  
19 exchanged, or otherwise disposed of Project Water shall be the Contractor's Rates and  
20 Charges unadjusted for ability to pay.

1           (i) Pursuant to the Act of October 27, 1986 (100 Stat. 3050), the Contracting  
2 Officer is authorized to adjust determinations of ability to pay every five years.

3           (j) Each payment to be made pursuant to subdivisions (a) and (b) of this  
4 Article shall be made at the office of the Bureau of Reclamation, Mid-Pacific Region,  
5 File No. 11546, P.O. Box 6000, San Francisco, California, 94160-1546, or at such other  
6 place as the United States may designate in a written notice to the said Contractor.  
7 Payments shall be made by cash transaction, wire, or any other mechanism as may be  
8 agreed to in writing by the Contractor and the Contracting Officer. In event there should  
9 be a default in the payment of the amount due, the delinquent payment provisions of  
10 Article 13 shall apply. The Contractor shall not be relieved of the whole or any part of its  
11 said obligation by, on account of, or notwithstanding, as the case may be:

12           (1) Its failure, refusal, or neglect to divert seventy-five percent of the  
13 quantity of Project Water shown on Exhibit A;

14           (2) The default in payment to it by any water user of assessments, tolls, or  
15 other charges levied by or owing to said Contractor;

16           (3) Any judicial determination that any assessment, toll, or other charge  
17 referred to in subsection 8(c)(2) of this Settlement Contract is irregular, void, or  
18 ineffectual; or

19           (4) Any injunctive process enjoining or restraining the Contractor from  
20 making or collecting any such assessment, toll, or other charge referred to in  
21 subsection 8(c)(2) of this Settlement Contract.

1                                    AGREEMENT ON WATER QUANTITIES

2                    9. (a) During the term of this Settlement Contract and any renewals thereof:

3                                    (1) It shall constitute full agreement as between the United States and the  
4 Contractor as to the quantities of water and the allocation thereof between Base Supply  
5 and Project Water which may be diverted by the Contractor from ~~the Sacramento River~~  
6 its Source of Supply for beneficial use on the land shown on Exhibit B which said  
7 diversion, use, and allocation shall not be disturbed so long as the Contractor shall fulfill  
8 all of its obligations hereunder;

9                                    (2) Neither party shall claim any right against the other in conflict with  
10 the provisions of Article 9(a)(1) hereof.

11                                    (b) Nothing herein contained is intended to or does limit rights of the  
12 Contractor against others than the United States or of the United States against any  
13 person other than the Contractor: Provided, however, that in the event the Contractor, the  
14 United States, or any other person shall become a party to a general adjudication of rights  
15 to the use of water of the Sacramento River system, this Settlement Contract shall not  
16 jeopardize the rights or position of either party hereto or of any other person and the  
17 rights of all such persons in respect to the use of such water shall be determined in such  
18 proceedings the same as if this Settlement Contract had not been entered into, and if final  
19 judgment in any such general adjudication shall determine that the rights of the parties  
20 hereto are different from the rights as assumed herein, the parties shall negotiate an  
21 amendment to give effect to such judgment. In the event the parties are unable to agree



1 on an appropriate amendment they shall, within 60 days of determining that there is an  
2 impasse, employ the services of a neutral mediator, experienced in resolving water rights  
3 disputes, to assist in resolving the impasse. The cost of the mediation will be shared  
4 equally. A failure to reach agreement on an amendment within 60 days of the end of  
5 mediation will cause the immediate termination of this Settlement Contract. ~~Provided,~~  
6 ~~further, that if the California State Water Resources Control Board or a court of~~  
7 ~~competent jurisdiction issues a decision modifying the terms and conditions of the water~~  
8 ~~rights of either party to this Settlement Contract, the Contractor and the United States~~  
9 ~~shall promptly meet to determine whether or not to modify any of the terms of this~~  
10 ~~Settlement Contract to comply with such final decision. If within 60 days of the date of~~  
11 ~~the issuance of such final decision the parties are not able to reach agreement regarding~~  
12 ~~either the need to modify this Settlement Contract or the manner in which this Settlement~~  
13 ~~Contract is to be modified, the parties shall promptly retain a neutral mediator,~~  
14 ~~experienced in resolving water rights disputes, to assist the parties in resolving their~~  
15 ~~dispute. The cost of the mediator shall be shared equally. In the event that either of the~~  
16 ~~parties to this Settlement Contract determines that the parties will not be able to develop~~  
17 ~~mutually agreeable modification(s) to this Settlement Contract even with the assistance~~  
18 ~~of a mediator, either of the parties to this Settlement Contract may attempt to resolve the~~  
19 ~~impasse by seeking appropriate judicial relief including, but not limited to filing a general~~  
20 ~~adjudication of the rights to the use of water in the Sacramento River system, or may~~  
21 ~~provide notice to the other party of that party's intent to terminate this Settlement~~

1 ~~Contract effective the following October 31<sup>st</sup>, if said notice is given during the period~~  
2 ~~April 1 through August 31, or 60 days from the date the notice is given between~~  
3 ~~September 1 and March 31; Provided, further That the immediately preceding proviso~~  
4 ~~shall not apply if a final decision of the California State Water Resources Control Board~~  
5 ~~or a court of competent jurisdiction requires the United States to continue to implement~~  
6 ~~the State Water Resources Control Board's Revised Water Right Decision 1641, dated~~  
7 ~~March 15, 2000 or its associated 1995 Water Quality Control Plan, as they are currently~~  
8 ~~written.~~

9 (c) In the event that the California State Water Resources Board or a court of  
10 competent jurisdiction issues a final decision or order modifying the terms and conditions  
11 of the water rights of either party to this Settlement Contract in order to impose Bay-  
12 Delta water quality obligations, the Contractor and the United States shall promptly meet  
13 to determine whether or not to modify any of the terms of this Settlement Contract to  
14 comply with the final decision or order. If within 60 days of the date of the issuance of  
15 the final decision or order the parties are not able to reach agreement regarding either the  
16 need to modify this Settlement Contract or the manner in which this Settlement Contract  
17 is to be modified, the parties shall promptly retain a neutral mediator, experienced in  
18 resolving water right disputes, to assist the parties in resolving their dispute. The cost of  
19 the mediator shall be shared equally. In the event that either of the parties to this  
20 Settlement Contract determines that the parties will not be able to develop mutually-  
21 agreeable modification(s) to this Settlement Contract even with the assistance of a

mediator, either of the parties to this Settlement Contract may attempt to resolve the  
impasse by seeking appropriate judicial relief including, but not limited to, filing a  
general adjudication of the rights to the use of water in the Sacramento River system.  
The foregoing provisions of this sub-article shall only apply to the incremental  
obligations contained within a final decision or order of the State Water Resources  
Control Board that reflects a modification to the obligations imposed in State Water  
Resources Control Board Revised Water Rights Decision 1641 dated March 15, 2000,  
and its associated 1995 Water Quality Control Plan which, taken together, will be  
considered the baseline for the application of the provisions of this sub-article. In the  
event of an adjustment to the Contractor's Base Supply pursuant to this sub-article, the  
Contracting Officer will not assess any charge for the rescheduling of Base Supply as  
would otherwise be required under the provisions of Article 3(c) of this Settlement  
Contract.

(ed) In the event this Settlement Contract terminates, the rights of the parties  
to thereafter divert and use water shall exist as if this Settlement Contract had not been  
entered into; and the fact that as a compromise settlement of a controversy as to the  
respective rights of the parties to divert and use water and the yield of such rights during  
the term hereof, this Settlement Contract places a limit on the Contract Total to be  
diverted annually by the Contractor during the Settlement Contract term and segregates it  
into Base Supply and Project Water shall not jeopardize the rights or position of either  
party with respect to its water rights or the yield thereof at all times after the Settlement

1 Contract terminates. It is further agreed that the Contractor at all times will first use  
2 water to the use of which it is entitled by virtue of its own water rights, and neither the  
3 provisions of this Settlement Contract, action taken thereunder, nor payments made  
4 thereunder to the United States by the Contractor shall be construed as an admission that  
5 any part of the water used by the Contractor during the term of this Settlement Contract  
6 was in fact water to which it would not have been entitled under water rights owned by it  
7 nor shall receipt of payments thereunder by the United States from the Contractor be  
8 construed as an admission that any part of the water used by the Contractor during the  
9 term of this Settlement Contract was in fact water to which it would have been entitled  
10 under water rights owned by it.

11 MEASUREMENT OF WATER

12 10. (a) All water diverted by the Contractor from the Sacramento River its  
13 Source of Supply will be diverted at the existing point or points of diversion shown on  
14 Exhibit A or at such other points as may be mutually agreed upon in writing by the  
15 Contracting Officer and the Contractor: Provided, That in any year the United States  
16 reserves the right to require that the Contractor shall divert all of its Contract Total, or  
17 any portion thereof, from either the Sacramento River or Stony Creek or from each  
18 stream in the quantities specified by the Contracting Officer but only if the quantities so  
19 specified to be diverted from Stony Creek are available for such diversion. This proviso  
20 shall not be construed to deny the Contractor its right to divert its Contract Total nor the  
21 right to divert from the Sacramento River sufficient water to meet its minimum

1 requirements north of Stony Creek. Any time during the period April through October of  
2 any year that the Contracting Officer requires the Contractor to take water from the  
3 Sacramento River that it would otherwise be entitled to divert from Stony Creek under its  
4 rights thereto adjudicated in the Angle Decree, the Contractor authorizes the United  
5 States to divert, store, or use such Stony Creek water. The Contractor also authorizes the  
6 diversion, storage, or use of Stony Creek water by the United States prior to April 1 of  
7 any year to the extent of the Contractor's rights under the Angle Decree. In the event of  
8 such diversion, storage, or use prior to April 1, the United States will furnish and the  
9 Contractor may divert a quantity of water from the Sacramento River equivalent to the  
10 quantity of such Stony Creek water so diverted, stored, or used by the United States.  
11 Notwithstanding the other provisions of this subdivision, the Contractor reserves the right  
12 to divert water from Stony Creek to the extent of its entitlements under the Angle Decree,  
13 for periods not to exceed five (5) consecutive days, whenever its Sacramento River  
14 pumps are temporarily unable to meet its diversion requirements because said pumps are  
15 partially or wholly inoperable due to an emergency or an unforeseeable cause.

16 (b) All water diverted from the Sacramento River Source of Supply pursuant  
17 to this Settlement Contract will be measured or caused to be measured by the United  
18 States at each point of diversion with existing equipment or equipment to be installed,  
19 operated, and maintained by the United States, and/or others, under contract with and at  
20 the option of the United States. The equipment and methods used to make such  
21 measurement shall be in accordance with sound engineering practices. Upon request of

1 the Contractor, the accuracy of such measurements will be investigated by the  
2 Contracting Officer and any errors appearing therein will be corrected.

3 (c) The right of ingress to and egress from all points of diversion is hereby  
4 granted to all authorized employees of the United States. The Contractor also hereby  
5 grants to the United States the right to install, operate, maintain and replace such  
6 equipment on diversion or carriage facilities at each point of diversion as the Contracting  
7 Officer deems necessary.

8 (d) The Contractor shall not modify, alter, remove, or replace diversion  
9 facilities or do any other act which would alter the effectiveness or accuracy of the  
10 measuring equipment installed by the United States or its representatives unless and until  
11 the Contracting Officer has been notified with due diligence and has been given an  
12 opportunity to modify such measuring equipment in such manner as may be necessary or  
13 appropriate. In the event of an emergency the Contractor shall notify the United States  
14 within a reasonable time thereafter as to the existence of the emergency and the nature  
15 and extent of such modification, alteration, removal, or replacement of diversion  
16 facilities.

17 (e) The Contractor shall pay the United States for the costs to repair, relocate,  
18 or replace measurement equipment when the Contractor modifies, alters, removes, or  
19 replaces diversion or carriage facilities.

20 (f) Contractor and Contracting Officer shall develop a mutually agreeable  
21 surface water delivery water measurement program which shall be implemented by

Contractor, and such measurement program shall be consistent with the conservation and efficiency criteria for evaluating water conservation plans as provided in Article 29(a).

(g) All new surface water delivery systems installed within the lands delineated on Exhibit B after the effective date of this Contract shall also comply with the measurement provisions described in this Article.

#### RULES AND REGULATIONS

11. The parties agree that the delivery of Project Water for irrigation use or use of Federal facilities pursuant to this Settlement Contract is subject to Federal Reclamation law, including but not limited to, the Reclamation Reform Act of 1982 (43 U.S.C.390aa et seq.), as amended and supplemented, and the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation law.

#### GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

12. (a) The obligation of the Contractor to pay the United States as provided in this Settlement Contract is a general obligation of the Contractor notwithstanding the manner in which the obligation may be distributed among the Contractor's water users and notwithstanding the default of individual water users in their obligations to the Contractor.

(b) The payment of Charges becoming due hereunder is a condition precedent to receiving benefits under this Settlement Contract. The United States shall not make water available to the Contractor through Project facilities during any period in which the Contractor may be in arrears in the advance payment of water Rates due the United States. The Contractor shall not furnish water made available pursuant to this Settlement Contract for lands or parties which are in arrears in the advance payment of water rates levied or established by the Contractor.

(c) With respect to subdivision (b) of this Article, the Contractor shall have no obligation to require advance payment for water Rates which it levies.





1                                    WATER AND AIR POLLUTION CONTROL

2                    15. The Contractor, in carrying out this Settlement Contract, shall comply with  
3    all applicable water and air pollution laws and regulations of the United States and the  
4    State of California, and shall obtain all required permits or licenses from the appropriate  
5    Federal, State, or local authorities.

6                                    EQUAL OPPORTUNITY

7                    16. During the performance of this Settlement Contract, the Contractor agrees as  
8    follows:  
9

10                    (a) The Contractor will not discriminate against any employee or applicant  
11    for employment because of race, color, religion, sex, or national origin. The Contractor  
12    will take affirmative action to ensure that applicants are employed, and that employees  
13    are treated during employment, without regard to their race, color, religion, sex, or  
14    national origin. Such action shall include, but not be limited to, the following:  
15    Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising;  
16    layoff or termination, rates of payment or other forms of compensation; and selection for  
17    training, including apprenticeship. The Contractor agrees to post in conspicuous places,  
18    available to employees and applicants for employment, notices to be provided by the  
19    Contracting Officer setting forth the provisions of this nondiscrimination clause.  
20

21                    (b) The Contractor will, in all solicitations or advertisements for employees  
22    placed by or on behalf of the Contractor, state that all qualified applicants will receive  
23    consideration for employment without discrimination because of race, color, religion,  
24    sex, or national origin.  
25

26                    (c) The Contractor will send to each labor union or representative of workers  
27    with which it has a collective bargaining agreement or other contract or understanding, a  
28    notice, to be provided by the Contracting Officer, advising the said labor union or  
29    workers' representative of the Contractor's commitments under Section 202 of Executive  
30    Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous  
31    places available to employees and applicants for employment.  
32

33                    (d) The Contractor will comply with all provisions of Executive Order  
34    No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant  
35    orders of the Secretary of Labor.

1  
2 (e) The Contractor will furnish all information and reports required by said  
3 amended Executive Order and by the rules, regulations, and orders of the Secretary of  
4 Labor, or pursuant thereto, and will permit access to its books, records, and accounts by  
5 the Contracting Officer and the Secretary of Labor for purposes of investigation to  
6 ascertain compliance with such rules, regulations, and orders.

7  
8 (f) In the event of the Contractor's noncompliance with the nondiscrimination  
9 clauses of this Settlement Contract or with any of the said rules, regulations, or orders,  
10 this Settlement Contract may be canceled, terminated, or suspended, in whole or in part,  
11 and the Contractor may be declared ineligible for further Government contracts in  
12 accordance with procedures authorized in said amended Executive Order, and such other  
13 sanctions may be imposed and remedies invoked as provided in said Executive Order, or  
14 by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

15  
16 (g) The Contractor will include the provisions of paragraphs (a) through (g)  
17 in every subcontract or purchase order unless exempted by the rules, regulations, or  
18 orders of the Secretary of Labor issued pursuant to Section 204 of said amended  
19 Executive Order, so that such provisions will be binding upon each subcontractor or  
20 vendor. The Contractor will take such action with respect to any subcontract or purchase  
21 order as may be directed by the Secretary of Labor as a means of enforcing such  
22 provisions, including sanctions for noncompliance: Provided, however, that in the event  
23 the Contractor becomes involved in, or is threatened with, litigation with a subcontractor  
24 or vendor as a result of such direction, the Contractor may request the United States to  
25 enter into such litigation to protect the interests of the United States.

26  
27 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

28 ~~(For Districts Only)~~ |  
29

30 17. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964  
31 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as  
32 amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other  
33 applicable civil rights laws, as well as with their respective implementing regulations and  
34 guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation.

35  
36 (b) These statutes require that no person in the United States shall, on the  
37 grounds of race, color, national origin, handicap, or age, be excluded from participation  
38 in, be denied the benefits of, or be otherwise subjected to discrimination under any  
39 program or activity receiving financial assistance from the Bureau of Reclamation. By  
40 executing this Settlement Contract, the Contractor agrees to immediately take any

1 measures necessary to implement this obligation, including permitting officials of the  
2 United States to inspect premises, programs, and documents.

3  
4 (c) The Contractor makes this agreement in consideration of and for the  
5 purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or  
6 other Federal financial assistance extended after the date hereof to the Contractor by the  
7 Bureau of Reclamation, including installment payments after such date on account of  
8 arrangements for Federal financial assistance which were approved before such date.  
9 The Contractor recognizes and agrees that such Federal assistance will be extended in  
10 reliance on the representations and agreements made in this Article, and that the United  
11 States reserves the right to seek judicial enforcement thereof.

12  
13 MINGLING OF CONTRACTOR'S PROJECT AND NON-PROJECT WATER

14 18. (a) Project Water must of necessity be transported by the Contractor to its  
15 water users by means of the same works and channels used for the transport of its non-  
16 Project Water including Base Supply. Notwithstanding such mingling of water, the  
17 provisions of Article 11 hereof shall be applicable only to Project Water, and such  
18 mingling of water shall not in any manner subject to the provisions of Article 11 hereof  
19 the Contractor's non-Project water including Base Supply.

20 (b) If required in accordance with subdivision (c) of this Article, the  
21 Contractor shall install and maintain such measuring equipment and distribution facilities  
22 and maintain such records as may be necessary to determine the amounts of water  
23 delivered to Excess Lands served by the Contractor. The Contractor shall not within any  
24 month deliver to Ineligible Lands water in excess of the non-Project Water, including  
25 Base Supply, for that month. The Contracting Officer or authorized representative shall  
26 have the right at all reasonable times to inspect such records and measuring equipment.

1           (c) The Contractor will not be considered in violation of the requirement that  
2 Project Water be delivered only to Eligible Lands during any month of the irrigation  
3 season that the water requirement for beneficial use on Eligible Lands for that month is  
4 equal to or in excess of the Project Water for that month as shown on Exhibit A or any  
5 revision thereof pursuant to subdivision (c) of Article 3. The water requirement for  
6 beneficial use on Eligible Lands will be determined by multiplying:  
7           (1) the number of irrigable acres of the particular types of crops grown in  
8 that year on the acreage designated as eligible by  
9           (2) the Unit Duties as set forth in Exhibit C attached hereto and made a  
10 part hereof, or by such other Unit Duties mutually agreed upon by the Contractor and the  
11 Contracting Officer. In order to make the computation of the water requirement for  
12 Eligible Lands, on April 1 of each Year and concurrently with its order for water for the  
13 irrigation season, the Contractor shall designate the acreage of and type of crops to be  
14 grown on its Eligible Lands that irrigation season. During any month the water  
15 requirement as above determined for crops growing on Eligible Lands during such month  
16 is equal to or in excess of the Project Water for that month as provided herein the  
17 Contractor shall not be required to measure the water delivered to Excess Lands. Any  
18 month the said water requirement is less than the amount of Project Water as provided  
19 herein, the Contractor will be required to measure water delivered to excess land in  
20 accordance with subdivision (b) hereof.

1 BOOKS, RECORDS, AND REPORTS

2 19. The Contractor shall establish and maintain accounts and other books and  
3 records pertaining to administration of the terms and conditions of this Settlement  
4 Contract, including: the Contractor's financial transactions, water supply data, and  
5 Project land and right-of-way agreements; the water users' land-use (crop census), land  
6 ownership, land-leasing and water use data; and other matters that the Contracting  
7 Officer may require. Reports thereon shall be furnished to the Contracting Officer in  
8 such form and on such date or dates as the Contracting Officer may require. Subject to  
9 applicable Federal laws and regulations, each party to this Settlement Contract shall have  
10 the right during office hours to examine and make copies of each other's books and  
11 official records relating to matters covered by this Settlement Contract.  
12

13 CHANGE OF PLACE OF USE OR ORGANIZATION

14 20. (a) Unless the written consent of the United States is first obtained no change  
15 shall be made in the place of water use shown on Exhibit B.

16 (b) While this Settlement Contract is in effect, no change shall be made in the  
17 area of the Contractor as shown on its Exhibit B, by inclusion, exclusion, annexation or  
18 detachment of lands, by dissolution, consolidation, or merger or otherwise, except upon  
19 the Contracting Officer's written consent thereto; Provided, That the Contracting  
20 Officer's written consent will not be required for inclusion of the lands identified as the  
21 inclusion area on Exhibit B. Such consent will not be unreasonably withheld and a  
22 decision will be provided in a timely manner. ~~{There may need to be Contractor~~  
23 ~~specific language added.}~~

24 (c) In the event lands are annexed to or detached from the area of the  
25 Contractor, as provided herein, the quantity of Project Water to be diverted may be

increased or decreased, as may be appropriate, pursuant to a supplemental agreement to be executed in respect thereto.

#### CONSOLIDATION OF CONTRACTING ENTITIES

21. Consolidation of Contractors may be approved by the Contracting Officer provided: (i) the Contracting Officer approves the form and organization of the resulting entity and the utilization by it of the Contract Total; and (ii) the obligations of the Contractors are assumed by such entity.

No such consolidation shall be valid unless and until approved by the Contracting Officer.

#### NOTICES

22. Any notice, demand, or request authorized or required by this Settlement Contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area Manager, Northern California Area Office, Bureau of Reclamation, 16349 Shasta Dam Blvd., Shasta Lake, California, 96019, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Board of Directors ~~/City Council~~ of the Glenn-Colusa Irrigation District, 344 E. Laurel Street, Willows, CA 95988. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this Article for other notices.

#### ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

23. (a) The provisions of this Settlement Contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this Settlement Contract or any right or interest therein shall be valid until approved in writing by the Contracting Officer.

(b) The assignment of any right or interest in this Settlement Contract by either party shall not interfere with the rights or obligations of the other party to this Settlement Contract absent the written concurrence of said other party.

1 (c) The Contracting Officer shall not unreasonably condition or withhold his  
2 approval of any proposed assignment.

3  
4 OFFICIALS NOT TO BENEFIT

5  
6 24. (a) No Member of or Delegate to Congress, Resident Commissioner, or  
7 official of the Contractor shall benefit from this Settlement Contract other than as a water  
8 user or landowner in the same manner as other water users or landowners.

9  
10 (b) No officer or member of the governing board of the Contractor shall  
11 receive any benefit that may arise by reason of this Settlement Contract other than as a  
12 landowner within the Contractor's service area and in the same manner as other  
13 landowners within the said service area.

14  
15 CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

16  
17 25. The expenditure or advance of any money or the performance of any  
18 obligation of the United States under this Settlement Contract shall be contingent upon  
19 appropriation or allotment of funds. Absence of appropriation or allotment of funds shall  
20 not relieve the Contractor from any obligations under this Settlement Contract. No  
21 liability shall accrue to the United States in case funds are not appropriated or allotted.

22  
23 CONFIRMATION OF SETTLEMENT CONTRACT

24 26. The Contractor, after the execution of this Settlement Contract, shall  
25 promptly seek to secure a decree of a court of competent jurisdiction of the State of  
26 California, if appropriate, confirming the execution of this Settlement Contract. The  
27 Contractor shall furnish the United States a certified copy of the final decree, the  
28 validation proceedings, and all pertinent supporting records of the court approving and  
29 confirming this Settlement Contract, and decreeing and adjudging it to be lawful, valid,  
30 and binding on the Contractor. This Settlement Contract shall not be binding on the  
31 United States until such final decree has been secured.

32  
33  
34  
35 UNAVOIDABLE GROUNDWATER PERCOLATION

36 27. To the extent applicable, the Contractor shall not be deemed to have delivered  
37 Project Water to Excess Lands or Ineligible Lands if such lands are irrigated with

groundwater that reaches the underground strata as an unavoidable result of the delivery of Project Water by the Contractor to Eligible Lands.

PRIVACY ACT COMPLIANCE

28. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a) (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et seq.) in maintaining Landholder acreage certification and reporting records, required to be submitted to the Contractor for compliance with Sections 206 and 228 of the Reclamation Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.18.

(b) With respect to the application and administration of the criminal penalty provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's employees responsible for maintaining the certification and reporting records referenced in (a) above are considered to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

(c) The Contracting Officer or a designated representative shall provide the Contractor with current copies of the Interior Department Privacy Act regulations and the Bureau of Reclamation Federal Register Privacy Act System of Records Notice (Acreage Limitation--Interior, Reclamation-31) which govern the maintenance, safeguarding, and disclosure of information contained in the Landholder's certification and reporting records.

(d) The Contracting Officer shall designate a full-time employee of the Bureau of Reclamation to be the System Manager who shall be responsible for making decisions on denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The Contractor is authorized to grant requests by individuals for access to their own records.

(e) The Contractor shall forward promptly to the System Manager each proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System Manager with information and records necessary to prepare an appropriate response to the requester. These requirements do not apply to individuals seeking access to their own certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.18, unless the requester elects to cite the Privacy Act as a basis for the request.



WATER CONSERVATION

29. (a) Prior to the diversion of Project Water, the Contractor shall be implementing an effective water conservation and efficiency program based on the Basin-Wide Water Management Plan and/or Contractor's water conservation plan that has been determined by the Contracting Officer to meet the conservation and efficiency criteria for evaluating water conservation plans established under Federal law. The water conservation and efficiency program shall contain definite water conservation objectives, appropriate economically feasible water conservation measures, and time schedules for meeting those objectives. Continued diversion of Project Water pursuant to this Settlement Contract shall be contingent upon the Contractor's continued implementation of such water conservation program. In the event the Contractor's water conservation plan or any revised water conservation plan completed pursuant to subdivision (c) of Article 29 of this Settlement Contract have not yet been determined by the Contracting Officer to meet such criteria, due to circumstances which the Contracting Officer determines are beyond the control of the Contractor, Project Water deliveries shall be made under this Settlement Contract so long as the Contractor diligently works with the Contracting Officer to obtain such determination at the earliest practicable date, and thereafter the Contractor immediately begins implementing its water conservation and efficiency program in accordance with the time schedules therein.

(b) The Contractor shall submit to the Contracting Officer a report on the status of its implementation of the water conservation plan on the reporting dates

1 specified in the then existing conservation and efficiency criteria established under  
2 Federal law.

3 (c) At five (5)-year intervals, the Contractor shall revise its water  
4 conservation plan to reflect the then current conservation and efficiency criteria for  
5 evaluating water conservation plans established under Federal law and submit such  
6 revised water management plan to the Contracting Officer for review and evaluation.  
7 The Contracting Officer will then determine if the water conservation plan meets  
8 Reclamation's then current conservation and efficiency criteria for evaluating water  
9 conservation plans established under Federal law.

10 (d) If the Contractor is engaged in direct ground-water recharge, such activity  
11 shall be described in the Contractor's water conservation plan.

12 (e) In order to provide incentives for water conservation, the Contracting  
13 Officer may reduce the amount of Project Water for which payment by the Contractor is  
14 required under Article 8(a) in accordance with the provisions of this Article 29(e).

15 (1) On or before February 15 of any Water Year, the Contractor may file  
16 with Reclamation an offer to reduce Project Water use, hereinafter referred to as Offer.  
17 The Offer shall specify the maximum quantity of Project Water to be diverted by the  
18 Contractor for each month that Project Water is available for that Water Year under this  
19 Settlement Contract. The Contracting Officer shall provide the Contractor with a  
20 decision, in writing, to the Offer on or before March 15 of that Water Year. The dates

1 specified in this Article 29 (e)(1) can be changed if mutually agreed to, in writing, by the  
2 Contractor and Contracting Officer.

3 (2) If Reclamation accepts the Offer, the Contractor's payment obligation  
4 under Article 8(a)(1) shall be reduced to the maximum quantity of Project Water to be  
5 diverted by the Contractor as specified in the Offer. The Contractor shall not divert  
6 Project Water in excess of the monthly quantities set forth in the Offer: Provided,  
7 however, if the Contractor's diversions of Project Water exceed the monthly quantities  
8 set forth in the Offer, the Contractor shall pay to Reclamation the applicable Rates and  
9 Charges plus a penalty assessment equal to the applicable Rates and Charges, unadjusted  
10 for ability to pay, for each acre-foot of Project Water diverted in excess of the quantities  
11 set forth in the Offer.

12 (3) If Reclamation decides not to accept the Offer, the Contractor's  
13 payment obligation will remain as specified in Article 8(a)(1).

14 (4) The provisions of this Article 29(e) shall be in addition to and shall  
15 not affect the provisions of Article 3(e) pertaining to the sale, transfer, exchange or other  
16 disposal of the Contract Total designated in Exhibit A.

17 OPINIONS AND DETERMINATIONS

18  
19 30. (a) Where the terms of this Settlement Contract provide for actions to be  
20 based upon the opinion or determination of either party to this Settlement Contract, said  
21 terms shall not be construed as permitting such action to be predicated upon arbitrary,  
22 capricious, or unreasonable opinions or determinations. Both parties, notwithstanding

any other provisions of this Settlement Contract, expressly reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious, or unreasonable opinion or determination. Each opinion or determination by either party shall be provided in a timely manner. Nothing in subdivision (a) of Article 30 of this Settlement Contract is intended to or shall affect or alter the standard of judicial review applicable under federal law to any opinion or determination implementing a specific provision of federal law embodied in statute or regulation.

(b) The Contracting Officer shall have the right to make determinations necessary to administer this Settlement Contract that are consistent with the provisions of this Settlement Contract, the laws of the United States and of the State of California, and the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall be made in consultation with the Contractor to the extent reasonably practicable.

(c) In the event that the United States, as a result of litigation or agreement, or failure to require an agreement, gives substantially more favorable treatment to any other diverter from the Sacramento River under similar circumstances than that accorded under this Settlement Contract to the Contractor, the United States agrees to renegotiate this Settlement Contract to provide comparable treatment to the Contractor hereunder.

#### CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

31. (a) In addition to all other payments to be made by the Contractor pursuant to this Settlement Contract, the Contractor shall pay to the United States, within 60 days

1 after receipt of a bill and detailed statement submitted by the Contracting Officer to the  
2 Contractor for such specific items of direct cost incurred by the United States for work  
3 requested by the Contractor associated with this Settlement Contract plus indirect costs in  
4 accordance with applicable Bureau of Reclamation policies and procedures. All such  
5 amounts referred to in this Article shall not exceed the amount agreed to in writing in  
6 advance by the Contractor. This Article shall not apply to costs for routine contract  
7 administration.

8 (b) All advances for miscellaneous costs incurred for work requested by the  
9 Contractor pursuant to Article 30 of this Settlement Contract shall be adjusted to reflect  
10 the actual costs when the work has been completed. If the advances exceed the actual  
11 costs incurred, the difference will be refunded to the Contractor. If the actual costs  
12 exceed the Contractor's advances, the Contractor will be billed for the additional costs  
13 pursuant to Article 31 of this Settlement Contract.

14 WAIVER OF DEFAULT

15 32. The waiver by either party to this Settlement Contract as to any default shall  
16 not be construed as a waiver of any other default or as authority of the other party to  
17 continue such default or to make, do, or perform, or not to make, do, or perform, as the  
18 case may be, any act or thing which would constitute a default.

19 IN WITNESS WHEREOF, the parties hereto have executed this Settlement  
20 Contract as of the day and year first hereinabove written.

21  
22 THE UNITED STATES OF AMERICA  
23

R.O. Draft 05/15-2002  
SRSC Draft 05/31/02  
R.O. Draft 07/11-2002  
SRSC Draft 08/16/02  
SRSC Draft 10/01/02  
SRSC Draft 10/31/02  
GCID Draft 02/10/03

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(SEAL)

By: \_\_\_\_\_  
Regional Director, Mid-Pacific Region  
Bureau of Reclamation

(Contractor)

By: \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

(I:\sac river renewal\Sac R Std Form 7-10.doc)

1	<b>2002 Water Rates and Charges for Contract No. ##-##-###-#####</b>	
2	<b>Contractor Name - Sacramento River</b>	
3		
4		
5		
6		<u>Per Acre-Foot</u>
7		
8	COST OF SERVICE RATES:	
9		
10	Capital Rates	\$4.24
11		
12	O&M Rates:	
13		
14	Water Marketing	\$5.66
15	Storage	\$4.87
16		
17	Deficit Rates:	
18		
19	Interest Bearing	\$3.34
20		
21	TOTAL	\$18.11
22		
23	FULL-COST RATES:	
24		
25	Section 202(3) Rate is applicable to a	
26	Qualified Recipient or to a Limited	
27	Recipient receiving irrigation water	
28	on or before October 1, 1981.	
29		\$22.12
30	Section 205(a)(3) Rate is	
31	applicable to a Limited Recipient that	
32	did not receive irrigation water on or	
33	before October 1, 1981.	
34		\$24.47
35		
36	CHARGES UNDER P.L. 102-575 TO THE	
37	RESTORATION FUND 1/	
38		
39	Restoration Payments (3407(d)(2)(A))	\$7.54
40		
41		

R.O. Draft 05/15-2002  
SRSC Draft 05/31/02  
R.O. Draft 07/11-2002  
SRSC Draft 08/16/02  
SRSC Draft 10/01/02  
SRSC Draft 10/31/02  
GCID Draft 02/10/03

- 1    *1/ Restoration fund charges are payments in addition to the water rates and were*
- 2    *determined pursuant to Title XXXIV of Public Law 102-575. Restoration fund charges*
- 3    *are on a fiscal year basis (10/1 - 9/30).*